



BAHAMAS
PROTECTED
AREAS FUND



2019 ANNUAL REPORT



Investing for the future of resilient biodiversity within the Bahamas
www.bahamasprotected.com

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Inagua Flamingos | Photo by Melissa Groo

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VISION & MISSION



OUR VISION

Investing for the future of resilient biodiversity within The Bahamas.

OUR MISSION

Ensuring a sustainable financial base for the effective management of The Bahamas National Protected Areas System and for conservation activities that protect the future and productivity of our national resources.



CORE PRINCIPLES

BPAF functions under the core principles of:

TRANSPARENCY

This principle is embodied in the provisions of the BPAF Act on conflicts of interest and external audits.

ACCOUNTABILITY

This principle is embodied in the provisions of the BPAF Act for the Board to issue an Annual Report to the Minister who shall share a copy with the House of Assembly and the Senate, and to make the annual audited financial report publicly available.

INDEPENDENCE/NON-POLITICAL

This principle is embodied in the provisions of the BPAF Act that prohibits the Fund from the publication of propaganda, attempts to influence the passage of legislation or participation or intervention in any political campaign by or on behalf of any political candidate or party.

The Bahamas Protected Areas Fund (BPAF) is a corporate body established in 2014 by an Act of Parliament.



Chairperson's Report Kelley Bostwick-Toote

Dear Donors, Partners and Friends,

I am pleased to confirm that Bahamas Protected Areas Fund (BPAF), has made great strides this past fiscal year towards improving our institutional strength and capacity as a grants-funding agency. We have consolidated the Board, opened the office in Old Fort Bay, increased our human resources capacity and successfully identified funding opportunities.

We believe that the dedication and direction of the Board have improved the operational oversight of the Fund, which is already bearing fruit with donors. Working with the Ministry of Environment, BPAF seeks additional powers for the Board - to ensure our practices are consistent with international best practices for national conservation trust funds, with emphasis on better serving the needs of our Bahamian archipelago. These capabilities will generate additional opportunities for funding from the Caribbean Biodiversity Fund and others, which is vital for attracting the level of funding and cooperation necessary to produce results at the scale required for impact within The Bahamas.

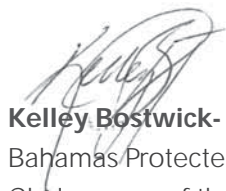
We especially thank our donors and in particular, the New Providence Development Co. Ltd., who enabled the successful opening of our office at the Old Fort Bay Town Centre. Our donors have also enabled our hiring of an Operations Assistant to support the work of the Executive Director and the Board. We believe that finding a home for the Fund and improving its operational capacity are essential components of service delivery to our constituents and ultimately, the sustainability of the Fund itself.

Although our efforts to secure a consultant to design and implement our identified sustainable financing mechanisms were met with limited success, we remain optimistic in attaining our goal, and are pursuing alternate options.

There is much at stake. Climate change has placed our islands at serious risk. The management of our protected areas and broader natural resources are critical for reducing its impacts: rising tides, dangerous flooding and severe hurricane events as well as the rapid increase in invasive species that disturb the delicate ecological balance of indigenous species. The task of managing preservation, conservation, protection, repatriation, restoration and the like, is daunting as dedicated forces are required and national awareness must mature into individual action.

We invite you to join us in securing funding for the critical conservation efforts of our partners like the Bahamas National Trust, the Forestry Unit of the Ministry of Environment, Clifton Heritage Authority and the Department of Marine Resources.

We invite you to do your part in making our Bahamas BETTER each and every day, in each and every way we can. Together, we can help to create and write a bold future for our nation. We must direct tomorrow - today.



Kelley Bostwick-Toote
Bahamas Protected Area Fund
Chairperson of the Board





Board of Directors

Seven new directors were appointed to the Board of Directors at the end of 2018. The new Board brings additional expertise related to governance, government relations, external affairs, investments, and environmental policy.

Our new Chairperson, Kelley Bostwick-Toote, is a Barrister at Bostwick and Bostwick. Mrs. Bostwick-Toote's family has a history of national and philanthropic giving within The Bahamas. Our Vice Chair, Stacey Moultrie, is a partner at SEV Consulting Group. She is an environmental planner whose professional career spans both government and NGO engagements. Our Treasurer, Robert Lotmore, is a retired banker and accountant who is currently the Chairman of the Securities Commission of The Bahamas.

Other board members include:

Eric Carey, Executive Director, Bahamas National Trust; The Hon. Earl Deveaux, Environmental Consultant and former Minister of Environment; Ash Henderson, Director of Marketing, Restaurants Services Ltd; Colin Higgs, Deputy President, Bahamas National Trust and former Permanent Secretary; Bruno Roberts, CPA, Chief Operating Officer, Private Bank & Co; Shenique Smith, Country Representative, The Nature Conservancy Bahamas Program; Patrice Wallace, Private Banker Professional, nature enthusiast, founding member of Kiwanis Club of New Providence.



Above from left: Directors Eric Carey, Stacey Moultrie, Vice Chair; Shenique Smith; Kelley Bostwick-Toote, Board Chair; Bruno Roberts and Karen Panton, Executive Director. Not pictured are Colin Higgs, Ash Henderson, Robert Lotmore and Patrice Wallace.

Bottom from left: Hon. Earl Deveaux, Colin Higgs, Shenique Smith and Eric Carey

Key Strategic Activities

Execution of the Partnership Agreement with the Caribbean Biodiversity Fund

The proposed amendments were approved by the Ministry of Environment and circulated for action to the Ministry of State for Legal Affairs. We have been working with both ministries to help move the process forward.

We are also working with the Caribbean Biodiversity Fund (CBF) on our readiness to sign the Partnership Agreement (PA). Once the amendments are successfully tabled in Cabinet, within the next six months, the PA can be signed by the beginning of 2020. At the latest, it is anticipated that the PA will be signed prior to the joint CBF and Caribbean Challenge Initiative (CCI) meeting scheduled for July, 2020.

Second Early Advance Payment from The Nature Conservancy for Bahamas Sub-account at the Caribbean Biodiversity Fund

BPAF is pleased to advise that through active negotiations with the CBF and The Nature Conservancy (TNC), The Bahamas secured a second early action grant, advance deposit of \$3.5M for the CBF Endowment Bahamas Sub-account. This deposit represents the second payment under TNC's original pledge of \$5M. This advance will have a significant impact on the value of annual funding flows expected from the CBF to BPAF for grants to local protected area managers and other stakeholders.

Chairperson Bostwick-Toote acknowledged the importance of the deposit and BPAF itself, stating that a failure to manage protected areas and implement financing mechanisms is a "failure to secure our future."

BPAF extends warm thanks to TNC on behalf of the people of The Bahamas.



White-crowned pigeon | Photo by Bahamas National Trust



Special acknowledgement of TNC's pledge payment of \$3.5M at the CCI/CBF Week in Antigua, June 17, 2019.

From left: Jens Mackenson, Chair CBF; Karen Panton, Executive Director BPAF; Yabanex Batista, CEO CBF; Eleanor Philips, Vice Chair CBF and Kelley Bostwick-Toote, Chair BPAF.

BPAF's official opening in Old Fort Bay

The BPAF office is in the Old Fort Bay Town Centre, Windsor Field Road.

The office was donated by Mr. Terry White, Principal of New Providence Development Co. Ltd. Office furnishing was chiefly provided by Andbank (Bahamas) Ltd via its CEO, Mrs. Shulamit Garburg.

The official opening was held on April 26, 2019 by Minister of Environment and Housing, the Hon. Romauld Ferreira, who performed the ribbon-cutting ceremony. In his address, Minister Ferreira noted that he believes that the Fund is vitally important especially in the face of climate change, the "most existential threat to The Bahamas".



Above: Lashelle Moxey, Operations Assistant, at the BPAF Office.



▲ Directors and Ministry of Environment & House officials are pictured at the BPAF office opening event. From left: Directors Eric Carey, Bruno Roberts, Colin Higgs, Patrice Wallace, Earl Deveaux, Ash Henderson, Janice Miller, Permanent Secretary, Hon. Romauld Ferreira M.P., Minister of Environment & Housing, Stacey Moultrie, Shenique Smith, Kelley Bostwick-Toote and Karen Paton.



▲ From left: Mrs. Shulamit Garburg CEO, Andbank (Bahamas) Ltd., Kelley Bostwick-Toote and Stacey Moultrie.



▲ Enjoying the mix and mingle after the opening: Janice Miller, Perm. Secretary, Ministry of Environment and Philip Simon



▲ Directors, stakeholders and friends gather for a photo at the official opening. Pictured from left: Charlene Carrey; Stacey Moultri; Earl Deveau; Karen Paton; Ms. Phyllis Baron, OAS Country Representative; Shenique Smith; Deon Stewart, Coordinator of GEF SGP in The Bahamas and Patrice Wallace.

► Pictured from left: Earl Deveau; Kelley Bostwick-Toote-Hon. Romauld Ferreira; Ms. Phyllis Baron and Ash Henderson.

► Directors, Stakeholders and friends at the BPAF Official Opening on April 26, 2019.



A photograph of a Bananaquit bird, *Coereba flaveola*, perched on a branch. The bird has a black head and back with a white underbelly and a bright yellow patch on its chest. A semi-transparent blue box is overlaid on the left side of the image, containing the title text.

BPAF - A Member of the National Biodiversity Committee for The Bahamas

Bananaquit *Coereba flaveola* | Photo by Dr. Ancilleno Davis



Green Anole *Anolis smaragdinus*
Photo by Dr. Ancilleno Davis

The Government of The Bahamas appointed Mrs. Rochelle Newbold, as the new Director of The Bahamas Environment, Science and Technology Commission (BEST). Director Newbold, who previously served as the Coordinator for a GEF project that was integral to the establishment of BPAF, has reactivated the National Biodiversity Committee and invited BPAF's participation. The Committee's core function is to support The Bahamas' activities associated with our commitments under the United Nations Convention on Biological Diversity. The Committee will also serve to ensure that the United Nation's Sustainable Development Goals are incorporated into The Bahamas' revised biodiversity strategy.

This is an important role for the Fund as it relates to our mission and knowledge management. Our Grants Program must target the highest priority areas and issues within The Bahamas National Protected Areas System to safeguard biodiversity and ensure climate resilience. This seat at the table will also ensure that we bring the issue of sustainability to the forefront of conservation within The Bahamas.



Sustainable Finance Mechanisms

Our attempts to secure a consultant to support the design and implementation of the sustainable finance mechanisms (SFMs) were met with limited success.

However, the Fund forges ahead, despite this issue arising from the novelty of conservation trust funds in The Bahamas. We have identified two opportunities—contributions from heads of agreements for major developments and revenues from or related to cruise lines or shipping extractions, being most accessible to the Fund. BPAF has had some preliminary discussions with key stakeholders about strategies for implementing these SFMs, that have generated very positive feedback.

Marketing

Efforts to improve the visibility of the Fund continue. During the month of April 2019, we made four appearances on television and radio to introduce the Fund to the public and discuss our broad purpose. A full marketing and communications plan is being finalized and will be implemented in 2020.



▲ Bahamas Delegation headed by BEST Commission's Director, Rochelle Newbold, far right, to the GEF Extended Constituent Workshop in Antigua in May 2019.

Engagements with Partners

The Fund is strengthening its engagements with partners and donors. We met with Phyllis Baron, the local representative for the Organization of American States at the end of April and are in discussions with the Global Environment Facility – Small Grants Program (GEF – SGP), regarding joint training for local protected area managers and other executing agencies.

BPAF's relationship with GEF-SGP led to an invitation to the GEF Expanded Constituent Workshop for Caribbean Governments and Civil Society Organizations in St. Lucia, held May 28 – 31, 2019.

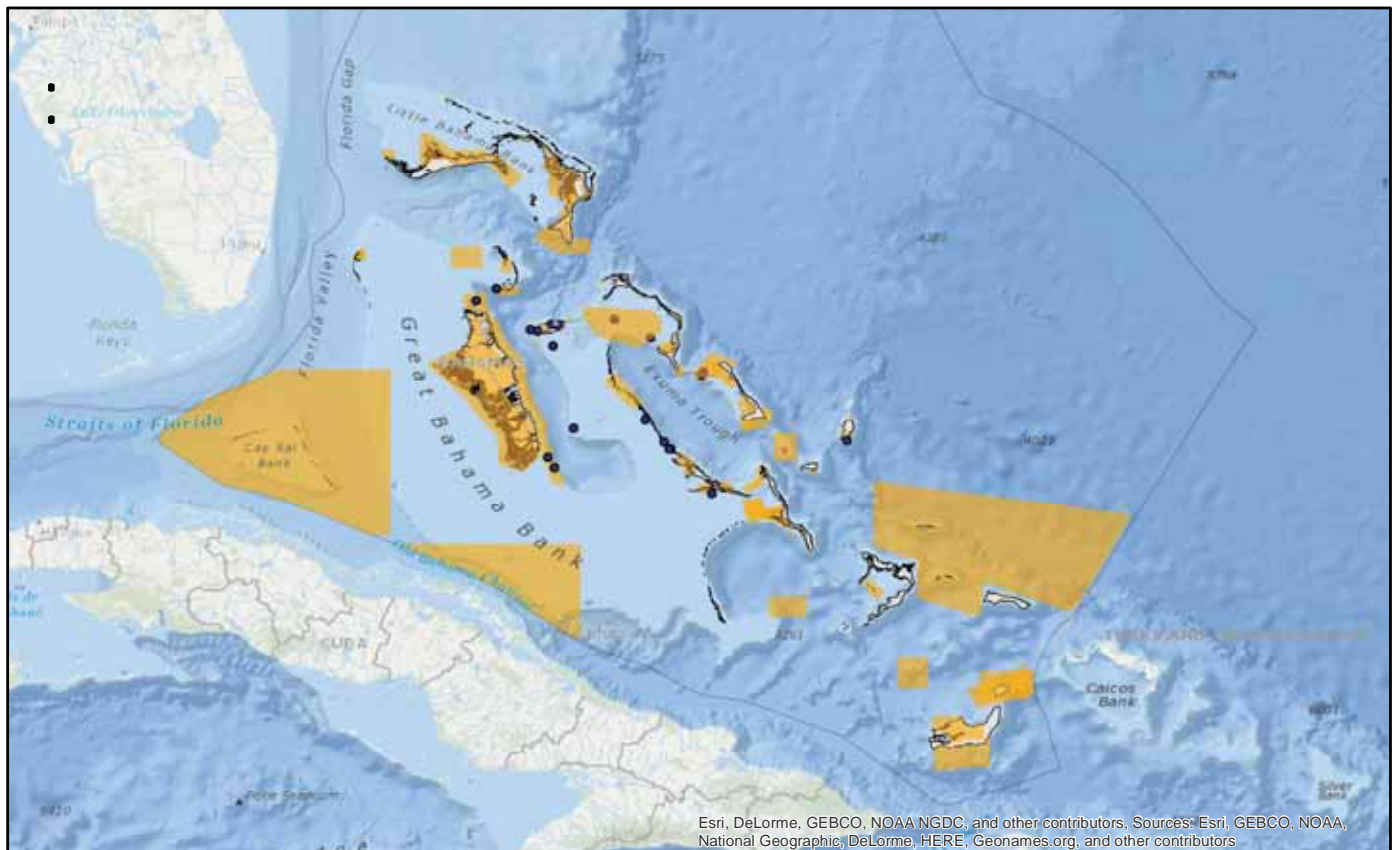


▲ Karen Panton with Giles Romulus, National Coordinator, GEF- SGP UNDP St. Lucia at the GEF ECW in May 2019.

National Protected Areas Maps



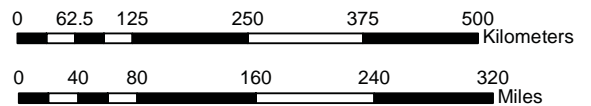
Commonwealth of The Bahamas Proposed and Existing Protected Areas



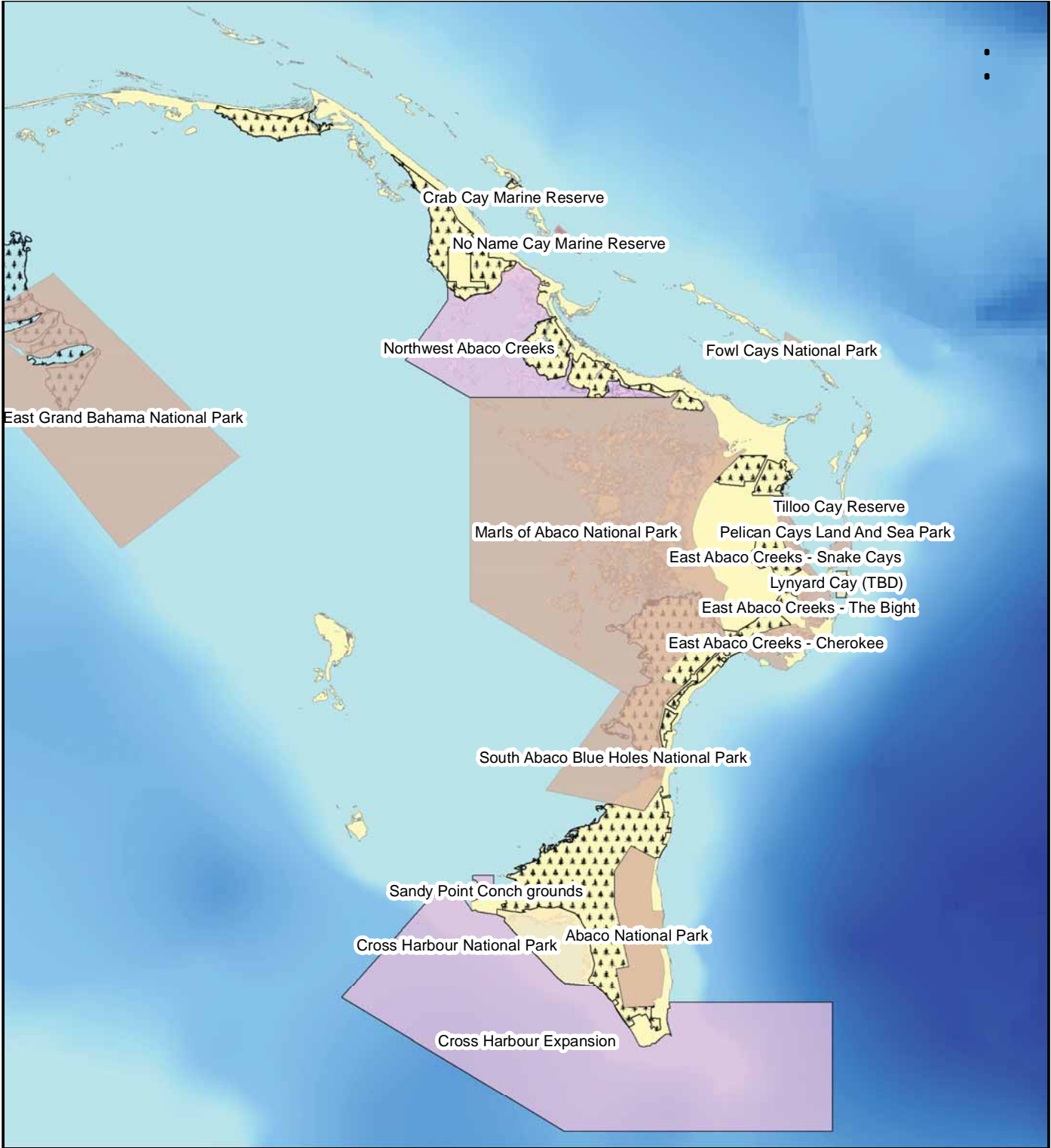
Funding provided by:



- Protected Areas
- Wild Bird Reserves
- Islands
- Exclusive Economic Zone



Abaco Protected Areas



Funding Provided by:

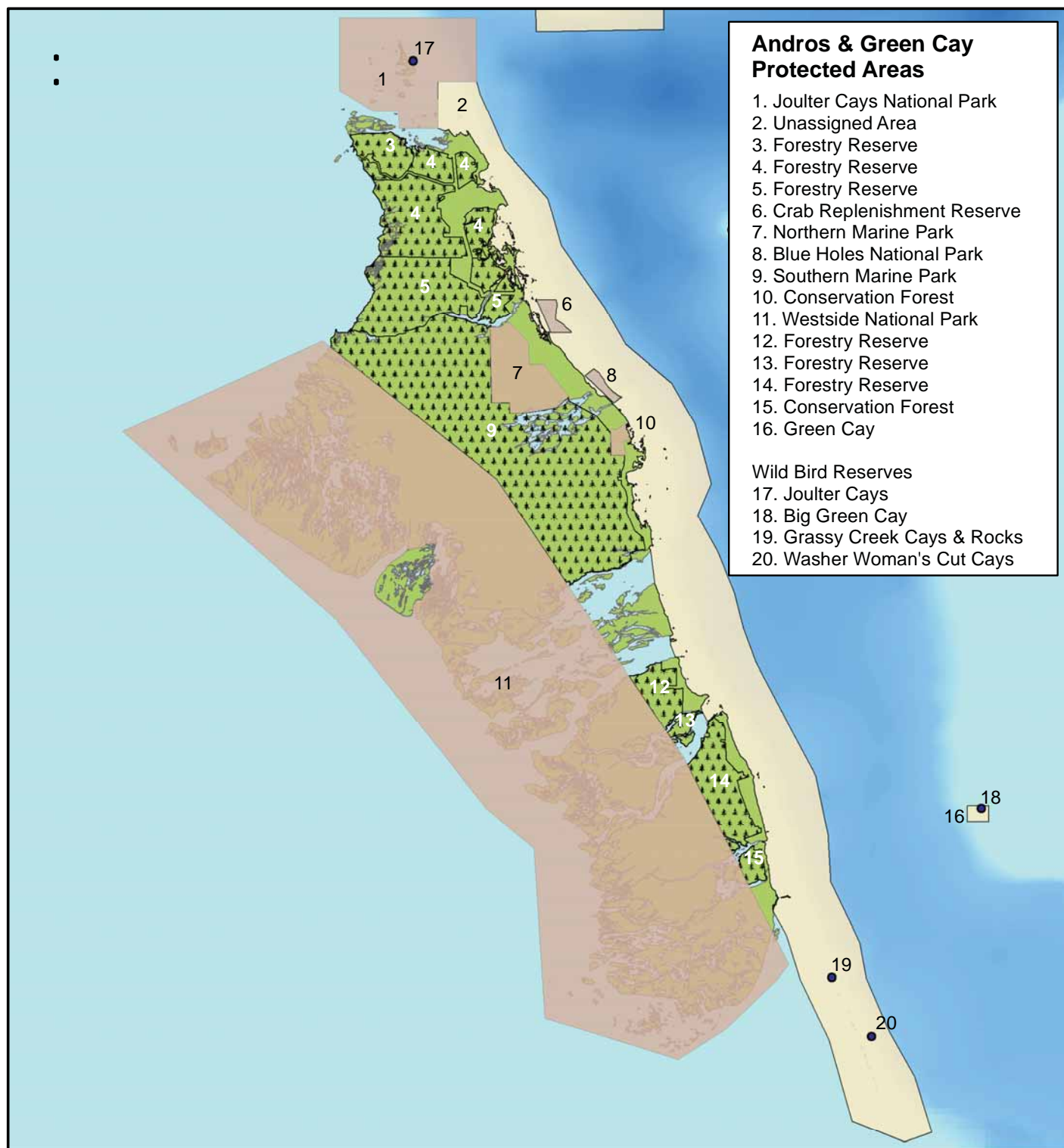


- Abaco
- Proposed Areas (2018)
- Protected Areas**
- National Park
- Forestry Estate
- Unassigned Areas

0 5 10 20 30 40 Kilometers

0 3.5 7 14 21 28 Miles

Andros and Green Cay Protected Areas



Funding Provided by:



Andros Island

Protected Areas

National Park

Unassigned Areas

Forestry Estate

Wild Bird Reserves

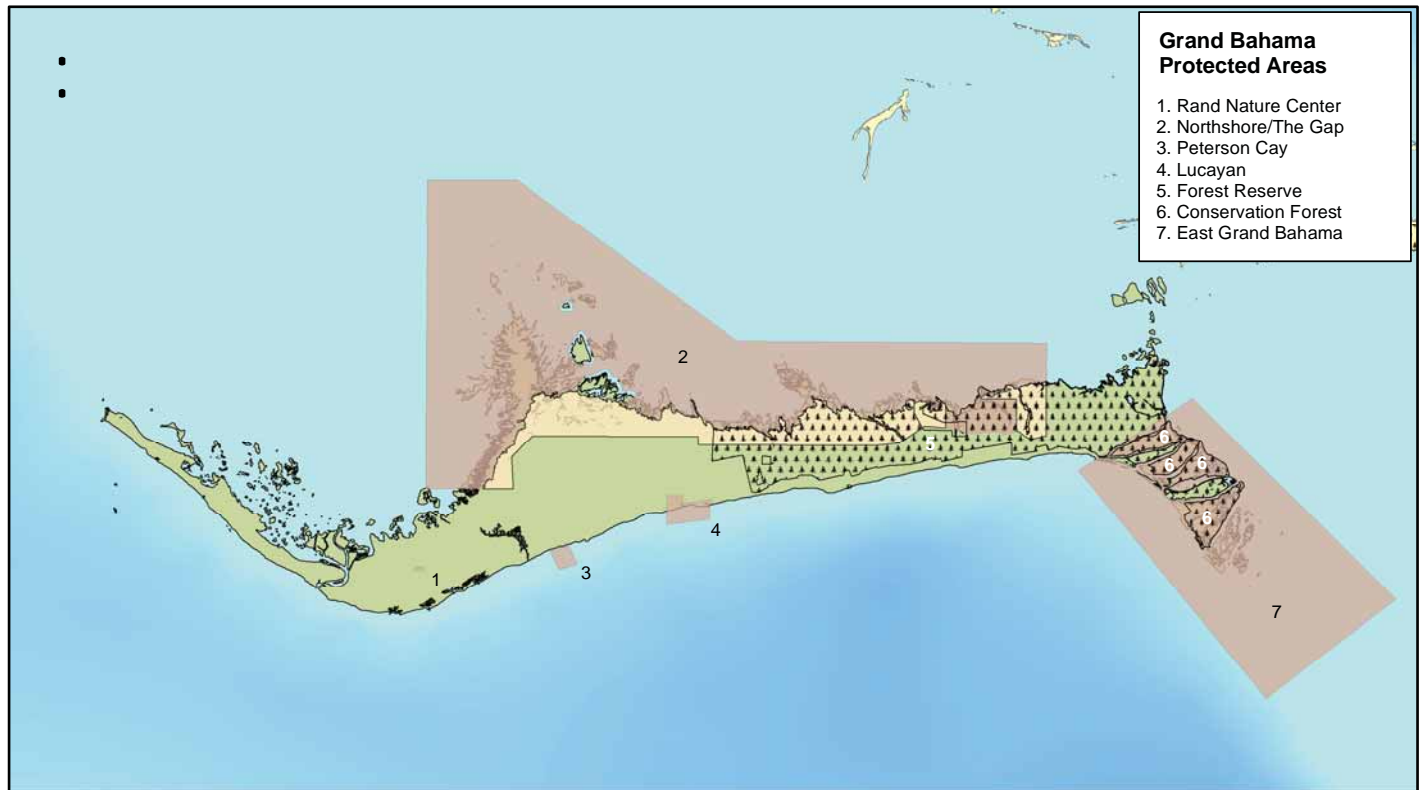
Kilometers

0 5 10 20 30 40

Miles

0 3 6 12 18 24

Grand Bahama Protected Areas



Funding Provided by:



Grand Bahama

Protected Areas

- National Park
- Unassigned Areas
- Forestry Estate

0 5 10 20 30 40 Kilometers

0 2.5 5 10 15 20 Miles



Register of Protected Areas

Bermuda Chub, Schoolmaster and Gray Snapper | Photo by Shane Gross

Name	Island	Acres	Type	Managing Entry
Abaco National Park *	Abaco	22,500	Terrestrial	Bahamas National Trust
Acklins Bight	Acklins & Crooked Island	61,436	Marine	Not Assigned
Adelaide Creek	New Providence	370	Wild Bird Reserve	Ministry of Environment & Housing
Andros North Marine Park	Andros	5,000	Marine & Terrestrial	Bahamas National Trust
Andros South Marine Park	Andros	3,500	Marine	Bahamas National Trust
Betty Cay	Exuma	3	Wild Bird Reserve	Ministry of Environment & Housing
Big Darby Island	Exuma	499	Wild Bird Reserve	Ministry of Environment & Housing
Big Galliot Cay	Exuma	20	Wild Bird Reserve	Ministry of Environment & Housing
Big Green Cay	Andros	519	Wild Bird Reserve	Ministry of Environment & Housing
Black Sound Cay National Park	Abaco	2	Marine and Terrestrial	Bahamas National Trust
Blue Holes National Park*	Andros	40,000	Terrestrial with freshwater	Bahamas National Trust
Bonefish Pond National Park*	New Providence	1,235	Marine & Terrestrial	Bahamas National Trust
Booby Cay	Mayaguana	121	Marine	Not Assigned
Bottle Cay	Eleuthera	10	Wild Bird Reserve	Ministry of Environment & Housing
Cable Beach Golf Course	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Carmichael North	New Providence	1,932	Conservation Forest	Forestry Unit, Min. of Environment
Carmichael South	New Providence	731	Conservation Forest	Forestry Unit, Min. of Environment
Cat Cays	Bimini		Wild Bird Reserve	Ministry of Environment & Housing
Cay Sal	Cay Sal	4,162,319	Marine	Not Assigned
Cedar Cay	Eleuthera	5	Wild Bird Reserve	Ministry of Environment & Housing
Central Abaco	Abaco	1,323	Protected Forests	Forestry Unit, Min. of Environment
Central Andros	Andros	240,488	Conservation Forest	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entry
Channel Cays & Flat Cay	Exuma	45	Wild Bird Reserve	Ministry of Environment & Housing
Cistern Cay (Private)	Exuma		Wild Bird Reserve	Ministry of Environment & Housing
Clifton Heritage Park	New Providence	208	Heritage	Clifton Park Authority
Conception Island National Park	Conception Island	30,000	Marine & Terrestrial	Bahamas National Trust
Coral Harbour West	New Providence	1,781	Forest Reserve	Forestry Unit, Min. of Environment
Corry Sounds	New Providence	697	Conservation Forest	Forestry Unit, Min. of Environment
Crab Cay Marine Reserve	Abaco	1,075	Marine Reserve	Department of Marine Resources
Crab Replenishment Reserve *	Andros	4,000	Marine & Terrestrial	Bahamas National Trust
Cross Harbour	Abaco	15,182	Marine	Not Assigned
Deals Creek	Abaco	6,899	Protected Forests	Forestry Unit, Min. of Environment
Dolly Cay	Andros		Wild Bird Reserve	Ministry of Environment & Housing
East Abaco Creeks - Cherokee	Abaco	5,902	Marine	Not Assigned
East Abaco Creeks - Snake Cays	Abaco	3,281	Marine	Not Assigned
East Abaco Creeks - The Bight	Abaco	4,062	Marine	Not Assigned
East Grand Bahama	Grand Bahama	55,013	Forest Reserve	Forestry Unit, Min. of Environment
East Grand Bahama	Grand Bahama	120,448	Marine	Not Assigned
East Grand Bahama Cays	Grand Bahama	15,272	Conservation Forest	Forestry Unit, Min. of Environment
Eight Mile Bay	Abaco	32,774	Conservation Forest	Forestry Unit, Min. of Environment
Exuma Cays Land & Sea Park	Exuma	174,194	Marine and Terrestrial	Bahamas National Trust
Finley Cay	Eleuthera	12	Wild Bird Reserve	Ministry of Environment & Housing
Fowl Cays National Park	Abaco	3,200	Marine & Terrestrial	Bahamas National Trust
Goat Cay	Cat Island	30	Wild Bird Reserve	Ministry of Environment & Housing

Name	Island	Acres	Type	Managing Entry
Goat Cay	Exuma	30	Wild Bird Reserve	Ministry of Environment & Housing
Goulding Cay	New Providence	5	Wild Bird Reserve	Ministry of Environment & Housing
Graham's Harbour Iguana & Seabird Nat. Park	San Salvador	5,723	Marine & Terrestrial	Bahamas National Trust
Grassy Creek Cays	Andros	425	Wild Bird Reserve	Ministry of Environment & Housing
Green Cay	Andros/ Exuma	2,697	Marine	Not Assigned
Green's Bay National Park	San Salvador	586	Marine	Bahamas National Trust
Guana Cay	Exuma	5	Wild Bird Reserve	Ministry of Environment & Housing
Harrold & Wilson's Ponds National Park *	New Providence	250	Terrestrial with fresh-water	Bahamas National Trust
Harvey Cay	Exuma	5	Wild Bird Reserve	Ministry of Environment & Housing
High Cay	Abaco	20	Wild Bird Reserve	Ministry of Environment & Housing
Hogsty Reef	Inagua/ Acklins	12,322	Marine	Not Assigned
Hope Great House	Crooked Island	4	Terrestrial	Bahamas National Trust
Inagua National Park	Inagua	220,000	Terrestrial, RAMSAR	Bahamas National Trust
Joulter Cays **	Andros	92,734	Marine	Not Assigned
Kemps Bay	Andros	31,551	Forest Reserve	Forestry Unit, Min. of Environment
Lake Cunningham	New Providence	173	Wild Bird Reserve	Ministry of Environment & Housing
Lakeview	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Leaf Cay	Exuma		Wild Bird Reserve	Ministry of Environment & Housing
Leon Levy Native Plant Preserve	Eleuthera	25	Terrestrial, Plant Preserve	Bahamas National Trust
Little Abaco	Abaco	6,671	Conservation Forest	Forestry Unit, Min. of Environment
Little Derby Island	Exuma	336	Wild Bird Reserve	Ministry of Environment & Housing
Little Harbour	Abaco	5,399	Protected Forests	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entry
Little Inagua National Park	Inagua	62,800	Marine & Terrestrial	Bahamas National Trust
Little San Salvador	Cat Island	450	Wild Bird Reserve	Ministry of Environment & Housing
Lucayan National Park	Grand Bahama	1,937	Marine & Terrestrial	Bahamas National Trust
Mamma Rhoda Cay	Berry Islands	3	Wild Bird Reserve	Ministry of Environment & Housing
Mangrove Cay	Andros	14,277	Forest Reserve	Forestry Unit, Min. of Environment
Marine Farm	Crooked Island	4	Terrestrial	Bahamas National Trust
Marls of Abaco	Abaco	214,097	Marine	Not Assigned
Mars Bay	Andros	5,077	Conservation Forest	Forestry Unit, Min. of Environment
Marsh Harbour	Abaco	6,277	Forest Reserve	Forestry Unit, Min. of Environment
Marshall	New Providence	112	Conservation Forest	Forestry Unit, Min. of Environment
Millars Sounds	New Providence	360	Conservation Forest	Forestry Unit, Min. of Environment
Moriah Harbour Cay National Park	Exuma	22,833	Marine and Terrestrial	Bahamas National Trust
No Name Cay Marine Reserve	Abaco	1,213	Marine Reserve	Department of Marine Resources
Normans Castle	Abaco	12,011	Forest Reserve	Forestry Unit, Min. of Environment
Northshore/Gap-Marine	Grand Bahama	233,919	Marine	Not Assigned
Paradise Island	New Providence	699	Wild Bird Reserve	Ministry of Environment & Housing
Pelican Cays Land And Sea Park	Abaco	2,100	Marine & Terrestrial	Bahamas National Trust
Perpall Tract *	New Providence	192	Marine	Not Assigned
Peterson Cay National Park	Grand Bahama	1,090	Marine & Terrestrial	Bahamas National Trust
Pigeon Cay	Andros		Wild Bird Reserve	Ministry of Environment & Housing
Pigeon Cay (Private)	Exuma		Wild Bird Reserve	Ministry of Environment & Housing

Name	Island	Acres	Type	Managing Entry
Pigeon Creek & Snow Bay National Park	San Salvador	5,060	Marine	Bahamas National Trust
Primeval Forest National Park	New Providence	8	Terrestrial	Bahamas National Trust
Prospect Ridge	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Prospect Water Works	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Rand Nature Centre *	Grand Bahama	100	Terrestrial	Bahamas National Trust
Red Bays	Andros	15,063	Forest Reserve	Forestry Unit, Min. of Environment
Red Sound	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Rock off Hog Cay	Exuma	3	Wild Bird Reserve	Ministry of Environment & Housing
San Andros	Andros	57,834	Forest Reserve	Forestry Unit, Min. of Environment
Sandy Point	Abaco	48,947	Conservation Forest	Forestry Unit, Min. of Environment
Sea Breeze	New Providence	233	Conservation Forest	Forestry Unit, Min. of Environment
Sister Rocks	Andros		Wild Bird Reserve	Ministry of Environment & Housing
Skyline Heights	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
South Abaco Blue Holes National Park	Abaco	31,833	Marine	Not Assigned
South Berry Islands Marine Reserve	Berry Islands	63,005	Marine Reserve	Department of Marine Resources
South Bight	Andros	4,670	Forest Reserve	Forestry Unit, Min. of Environment
South West Marine Managed Area	New Providence	18,222	Marine	Not Assigned
Southeastern Bahamas Marine Managed Area	Crooked Island Acklins Mayaguana	6,053,010	Marine	Not Assigned
Southern Great Lake National Park	San Salvador	4,068	Terrestrial with freshwater	Bahamas National Trust
Stafford Creek	Andros	57,909	Protected Forests	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entry
Sweet Bread	Abaco	7,006	Protected Forests	Forestry Unit, Min. of Environment
The Caves	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
The Exuma (Jewfish Cay) Marine Reserve	Exuma	37,165	Marine Reserve	Department of Marine Resources
The Retreat	New Providence	11	Terrestrial	Bahamas National Trust
Tilloo Cay Reserve	Abaco	11	Terrestrial	Bahamas National Trust
Twin Lakes	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Union Creek Reserve	Inagua	6,150	Marine	Bahamas National Trust
Walker's Cay National Park	Abaco	5,800	Marine	Bahamas National Trust
Washerwoman Cut Cays	Andros	195	Wild Bird Reserve	Ministry of Environment & Housing
Water Cay	Eleuthera	7	Wild Bird Reserve	Ministry of Environment & Housing
Waterloo	New Providence	494	Wild Bird Reserve	Ministry of Environment & Housing
West Coast Marine Park	San Salvador	10,313	Marine	Bahamas National Trust
West Side National Park *	Andros	1,500,000	Marine & Terrestrial	Bahamas National Trust
Westward Villas	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Wood Cay	Eleuthera	15	Wild Bird Reserve	Ministry of Environment & Housing
Total Sq. Acres		13,901,630		

* Also considered Conservation Forest

** Also considered Wild Bird Sanctuary

A large sea turtle is swimming in clear, turquoise water. The turtle's head and front flippers are visible, and it is moving towards the right. The water is very clear, showing the sandy bottom and some underwater rocks. The lighting is bright, suggesting a sunny day.

2019-2022 Grants Funding Priorities

The following table presented is a key of activities that will be funded through the Grants Program. The priorities were identified through robust stakeholder engagement and a review of national priorities.

Category

Activities for Funding Priority

Supporting achievement of The Bahamas 20% conservation goal

Research in conservation priority areas.

Expansion of existing protected areas to include conservation priority areas.

Public awareness campaign about benefits of protected areas and BNPAS.*

Creation of an enabling environment - building political will, community outreach, data management, and legislative reform.*

Addressing key threats to eco-system health

Development of a comprehensive research program for the BNPAS with identification of potential monitoring indicators for protected areas in The Bahamas.

Development of a threat assessment tool to improve threat detection, abatement and management.

Implement 2013 National Invasive Species Strategy in protected areas

Improving climate resilience of protected areas.

Improving management effectiveness

Development and implementation of management plans.

Mapping of protected areas, inclusive of boundaries and biodiversity inventories..

Development of research or monitoring programme

Improvement in infrastructure - including a data management platform

Development of staff needs assessment plan.

Skills training for protected area managers

Development of sustainable finance plans or business plans for protected areas.

Implementation of sustainable revenue options (e.g. user fee systems).

Promotion of Partnerships for Effective Management of PAs

Development and implementation of partnership agreements which support effective enforcement, promote compliance, and foster more inclusive governance of protected areas.

*This is a priority under Improving Management Effectiveness.



Financial Statements

Bahamas Protected Areas Fund

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE BAHAMAS PROTECTED AREAS FUND

Opinion

We have audited the financial statements of The Bahamas Protected Areas Fund ("the Fund"), which comprise the statement of financial position as at June 30, 2019, and the statements of comprehensive income/(loss), changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, under the provisions of the Bahamas Protected Areas Fund Act 2014 and the 2019 Amendments (the "Act"), the accounting records required by the Act to be kept by the Fund, of which we are the auditors, have been kept in accordance with the provisions of the Act.



CHARTERED ACCOUNTANTS

June 8, 2020
Nassau, Bahamas

THE BAHAMAS PROTECTED AREAS FUND

Statement of Financial Position


June 30, 2019

(Expressed in Bahamian dollars)

	2019	2018
ASSETS		
Current assets		
Cash on hand and at bank (Note 4)	\$ 161,550	\$ 193,702
Cash at broker - restricted (Note 5)	174,195	375,297
Financial assets at fair value through profit or loss (2018 - available-for-sale investments) (Note 6)	2,410,113	2,101,808
Interest receivable	27,390	24,477
Prepayments	4,551	-
Total current assets	2,777,799	2,695,284
Non-current assets		
Fixed assets	12,046	853
Total assets	2,789,845	2,696,137
LIABILITIES		
Accounts payable and accrued expenses	8,971	27,129
Deferred grant (Note 7)	130,386	136,268
Total liabilities	139,357	163,397
NET ASSETS	\$2,650,488	\$2,532,740
FUND BALANCES	\$2,650,488	\$2,532,740

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

These financial statements were approved on behalf of the Board of Directors on June 8, 2020 and signed on its behalf by:


Chairperson
Director

THE BAHAMAS PROTECTED AREAS FUND

Statement of Comprehensive Income/(Loss)

For the year ended June 30, 2019

	2019	2018
INCOME		
Grant (Note 7)	\$105,882	\$129,412
Interest income	64,207	22,273
Net change in unrealized gain on financial assets at FVTPL	37,255	-
Donations	22,155	-
Realized gain on sale of financial assets at FVTPL	8,520	-
Dividends	5,853	1,293
Total income	243,872	152,978
EXPENSES		
General and administrative (Note 9)	46,077	82,990
Payroll	80,047	78,775
Realized loss on sale of available-for-sale investments	-	4,477
Total expenses	126,124	166,242
Net operating income/(loss)	117,748	(13,264)
OTHER COMPREHENSIVE LOSS		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Net change in unrealized loss on available-for-sale investments	-	(16,850)
Net income/(loss) and total comprehensive income/(loss)	\$117,748	\$(30,114)
Total comprehensive income/(loss) is represented by:		
Total comprehensive income/(loss) of the General Fund	\$ 10,433	\$(36,830)
Total comprehensive income of the Endowment Fund	107,315	6,716
	\$117,748	\$(30,114)

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

THE BAHAMAS PROTECTED AREAS FUND

Statement of Changes in Fund Balances

For the year ended June 30, 2019

	Endowment Fund	General Fund	Total
FUND BALANCES AS AT JUNE 30, 2017	\$2,502,667	\$ 60,187	\$2,562,854
Net income/(loss)	23,566	(36,830)	(13,264)
Other comprehensive loss	(16,850)	-	(16,850)
Total comprehensive income/(loss)	6,716	(36,830)	(30,114)
FUND BALANCES AS AT JUNE 30, 2018	2,509,383	23,357	2,532,740
Total comprehensive income	107,315	10,433	117,748
FUND BALANCES AS AT JUNE 30, 2019	\$2,616,698	\$ 33,790	\$2,650,488

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

THE BAHAMAS PROTECTED AREAS FUND

Statement of Cash Flows

For the year ended June 30, 2019

	2019	2018
Cash flows from operating activities:		
Net income/(loss)	\$ 117,748	\$ (13,264)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Interest	(64,207)	(22,273)
Depreciation	1,399	426
Realized (gain)/loss on sale of financial assets at FVTPL (2018 - available- for-sale investments)	(8,520)	4,477
Net change in unrealized (gain)/loss on financial assets at FVTPL	(37,255)	-
Cash provided by/(used in) operations before changes in operating assets and liabilities	9,165	(30,634)
Decrease/(increase) in operating assets:		
Interest receivable	(2,913)	(23,087)
Prepayments	(4,551)	-
(Decrease)/increase in operating liabilities:		
Accounts payable and accrued expenses	(18,158)	18,129
Deferred grant	(5,882)	(29,412)
Net cash used in operating activities	(22,339)	(65,004)
Cash flows from investing activities:		
Interest received	64,207	22,273
Increase/(decrease) in cash at broker - restricted	201,102	(375,297)
Purchase of fixed assets	(12,592)	-
Payments on purchase of financial assets at FVTPL (2018 - available-for-sale investments)	(3,609,263)	(4,055,164)
Proceeds from sale of financial assets at FVTPL (2018 - available-for-sale investments)	3,346,733	1,932,029
Decrease in fixed deposit	-	2,002,619
Net cash used in investing activities	(9,813)	(473,540)
Net decrease in cash and cash equivalents	(32,152)	(538,544)
Cash and cash equivalents, beginning of the year	193,702	732,246
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 161,550	\$ 193,702
Represented by:		
Cash on hand	\$ 350	\$ 350
Cash at bank	161,200	193,352
	\$ 161,550	\$ 193,702

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

1. GENERAL INFORMATION

The Bahamas Protected Areas Fund ("the Fund") was established as a corporate body under the provisions of the Bahamas Protected Areas Fund Act, 2014 ("the Act") on July 7, 2014. The general purpose of the Fund is to ensure sustainable financing into perpetuity for the management of protected areas in The Bahamas, including management activities under the Caribbean Challenge Initiative and the objectives of the Caribbean Biodiversity Fund, for the scientific and policy research and education, conservation and management of protected areas and programmes. The affairs of the Fund are administered by a board of directors.

The Fund maintains the following funds:

- General Fund

The Fund, by all or any recognized means, raises funds for the furtherance of the Fund's purposes and applies the same in accordance with the provisions of the Act.

- Endowment Fund

The Endowment Fund represents a permanently restricted fund balance and will not be available to cover administrative and operating costs, unless otherwise approved by a unanimous vote of all board members.

The principal administrative office of the Fund is located at Pineapple Grove, Old Fort Bay, Nassau, The Bahamas.

The financial statements were authorized to be issued by the Board of Directors of the Fund on June 8, 2020.

2. ADOPTION OF NEW STANDARDS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective July 1, 2018, the fund adopted IFRS 9, *Financial Instruments* which replaces IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 15, *Revenue from contracts with customers*, which replaces IAS 18, *Revenue*. As permitted by the transition provisions of these standards, comparative information has not generally been restated to reflect the requirements of the standards. Information about the changes in policy and the impact of the adoption of these standards is included in Note 3.

At the date of these financial statements, the following standards and amendments to the existing standards issued by the International Accounting Standards Board (the "IASB") have not been applied in these financial statements, as they are not yet effective:

IFRS 3 (amendments)	- Clarifying Definition of a Business - effective from January 1, 2020
IFRS 16	- Leases - effective from January 1, 2019
IFRS 17	- Insurance Contracts - effective from January 1, 2021
IAS 12 (amendments)	- Income Taxes - amendments to clarify the income tax consequences of dividends - effective from January 1, 2019

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

2. ADOPTION OF NEW STANDARDS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- | | |
|------------------------|--|
| IAS 28
(amendments) | - Investments in Associates and Joint Ventures (2011) - amendments to clarify the application of IFRS 9 to long-term interests in an associate or joint venture - effective from January 1, 2019 |
|------------------------|--|

The Board of Directors is in the process of determining the effects, if any, on the financial statements of the adoption of such standards and amendments to the existing standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The significant accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.

b. Basis of preparation

These financial statements have been prepared on the historical cost basis. The financial statements are expressed in Bahamian dollars which is the functional and reporting currency of the Fund.

c. Use of estimates and judgments

The preparation of the financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- | | |
|-------------|---------------------------------------|
| • Note 3(d) | - Financial assets and liabilities |
| • Note 10 | - Fair value of financial instruments |
| • Note 11 | - Financial risk management |

d. Financial assets and liabilities

Financial assets – classification and subsequent measurement effective from July 1, 2018

The Fund classifies its financial assets into the following measurement categories: those to be measured subsequently at fair value through profit or loss and those to be measured at amortized cost. The classification depends on the Fund's business model for managing the financial assets and the instrument's contractual cash flow characteristics.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Financial assets – classification and subsequent measurement effective from July 1, 2018 (continued)

(i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss is the classification for instruments that are held for trading or managed and whose performance is evaluated on a fair value basis and are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs directly attributable to the assets are recorded as an expense. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Unrealized gains and losses arising from changes in the fair value of these financial assets are recognized in the statement of comprehensive income/(loss). Balances included in this classification are investments in equity securities, mutual funds and debt securities.

(ii) Financial assets at amortized cost

Financial assets at amortized cost apply to instruments for which an entity has a business model to hold financial assets to collect the contractual cash flows, which are solely payments of principal and interest. Subsequent to initial recognition, financial assets at amortized cost are re-measured at amortized cost. Balances included in this classification are cash on hand and at bank, cash at broker and interest receivable.

Financial assets – classification and subsequent measurement prior to July 1, 2018

The Fund classified its financial assets into the following categories: available-for-sale financial assets and loans and receivables. The classification depended on the nature and purpose of the financial assets. Management determined the classification at the time of initial recognition.

(i) Available-for-sale financial assets

Available-for-sale ("AFS") financial assets were non-derivative financial assets that were either designated in this category or not classified in any of the other categories. AFS investments were those intended to be held for the long-term but which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or prices. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognized in other comprehensive income/(loss). Available-for-sale financial assets comprised investments in mutual funds, debt and equity securities.

(ii) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Loans and receivables were initially recognized at fair value. Subsequently, they were measured at amortized cost using the effective interest method less impairments losses, if any. Balances included in this classification were cash on hand and at bank, cash at broker and interest receivable.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Presented below is the impact of the adoption of IFRS 9 as at July 1, 2018 on the Fund's financial statements:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash on hand and at bank	Loans and receivables	Amortized cost	\$ 193,702	\$ 193,702
Cash at broker - restricted	Loans and receivables	Amortized cost	375,297	375,297
Interest receivable	Loans and receivables	Amortized cost	24,477	24,477
Investments in debt securities	Available-for-sale	Mandatorily at FVTPL	1,386,616	1,386,616
Investments in equity securities	Available-for-sale	Mandatorily at FVTPL	150,233	150,233
Investments in mutual funds	Available-for-sale	Mandatorily at FVTPL	564,959	564,959
			\$2,695,284	\$2,695,284

Interest receivable

Interest receivable represents accrued interest receivable on the fixed deposit and debt securities.

Investments in mutual funds

Investments in mutual funds are classified at fair value through profit or loss (2018 - available-for-sale) and are initially measured at fair value. After initial measurement, the Fund continues to measure these investments at fair value. Investments in mutual funds are stated at their published net asset values, which approximate fair values at the reporting date. Unrealized gains and losses arising from changes in the fair value of these investments are recognized in net change in unrealized gain/(loss) on financial assets at FVTPL (2018 - net change in unrealized gain/(loss) on available-for-sale investments) in the statement of comprehensive income/(loss).

Investments in debt and equity securities

Debt and equity securities are measured at fair value based on quoted market prices at the close of trading on the reporting date for that instrument in an active market. Financial assets are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Unrealized gains and losses arising from changes in the fair value of these investments are recognized in net change in unrealized gain/(loss) on financial assets at FVTPL (2018 - net change in unrealized gain/(loss) on available-for-sale investments) in the statement of comprehensive income/(loss).

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Recognition of financial assets and liabilities

The Fund recognizes financial assets and financial liabilities on the day it becomes a party to the contractual provisions of the instruments.

Derecognition of financial assets and liabilities

The Fund derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership of the asset or the Fund has transferred control of the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Financial liabilities

Effective July 1, 2018, the Fund classifies its financial liabilities as financial liabilities at amortized cost on adoption of IFRS 9. In the prior year, the Fund's financial liabilities were classified as other financial liabilities in accordance with IAS 39. However, the accounting for the Fund's financial liabilities remains largely the same as it was under IAS 39.

Financial liabilities at amortized cost

Financial liabilities at amortized cost, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The balance included in this classification is account payable and accrued expenses.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank.

f. Foreign currency transactions and balances

The financial statements are presented in Bahamian dollars, which is the Fund's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency using the exchange rate prevailing at that date. Exchange differences arising on retranslations are included in the statement of comprehensive income/(loss).

g. Related parties

Related parties represent entities or individuals that can exercise significant influence or control over the operations and policies of the Fund. All related party transactions are shown in these financial statements as such.

h. Income and expenses recognition

Grants

Grants are recognized as income when received or receivable or in the period as specified by the grantor against approved expenses. Grants that have been received but are specified for use against future expenses are deferred and recognized as liabilities.

Interest income

Interest income is recognized on an accrual basis using the effective interest rate method.

Dividend income

Dividend income is recognized when the Fund's right to receive payment is established.

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Income and expenses recognition (continued)

Donation income

Donations are recognized as income when received.

All other income and expenses are recognized on the accrual basis.

4. CASH ON HAND AND AT BANK

As at June 30, 2019, cash on hand and at bank are as follows:

	2019	2018
General Fund:		
Cash on hand	\$ 350	\$ 350
Cash at bank		
RBC Royal Bank (Bahamas) Limited - main account	150,493	181,204
RBC Royal Bank (Bahamas) Limited - operating	10,199	12,148
RBC Royal Bank (Bahamas) Limited - general	508	-
	161,200	193,352
	\$161,550	\$193,702

5. CASH AT BROKER - RESTRICTED

	2019	2018
Endowment Fund:		
Cash at broker		
CFAL - Fixed deposit	\$160,110	\$376,387
CFAL - USD account	11,138	1,511
CFAL - FCIB	2,947	(2,601)
	\$174,195	\$375,297

As at June 30, 2019, cash at broker is restricted as it is part of the Endowment Fund. According to the Act, no part of the endowment's capital may be used to cover the administrative and operating costs of the General Fund unless approved by a unanimous vote of all board members. (See Note 8).

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (2018 - AVAILABLE-FOR-SALE INVESTMENTS)

As at June 30, 2019, financial assets at fair value through profit or loss (2018 - available-for-sale investments) are as follows:

	2019			2018		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
Equity Securities						
Commonwealth Bank Limited	15,818	\$ 74,726	\$ 71,023	15,818	\$ 74,726	\$ 65,645
FOCOL Holdings Limited	16,795	75,983	57,271	16,795	75,983	57,775
Fidelity Bank (Bahamas) Limited	2,394	25,151	34,593	2,394	25,151	26,813
		175,860	162,887		175,860	150,233
Mutual Funds						
CFAL Bond Fund, Ltd.	143,732	310,911	322,749	233,651	500,000	504,640
CFAL Money Market Investment Fund, Ltd. 'A'	-	-	-	30,074	58,563	60,319
		310,911	322,749		558,563	564,959
Debt Securities						
US Treasury Notes						
(1.7%, due 30/09/19)	497,000	496,389	496,573	-	-	-
US Treasury Notes						
(1.5%, due 31/08/18)	-	-	-	497,000	496,787	496,787
Bahamas Government Registered Stocks:						
3.875% due 15/10/2020	14,200	14,308	14,308	14,200	14,308	14,308
4.250% due 15/10/2022	2,600	2,654	2,654	2,600	2,654	2,654
4.250% due 15/01/2024	120,000	120,484	124,807	120,000	120,484	120,484
Prime + 0.2500% due 04/05/2024	250,000	250,000	252,502	250,000	250,000	250,000
4.830% due 23/02/2028	250,000	250,672	258,363	250,000	250,672	250,672
Prime + 0.0833% due 26/04/2028	150,700	151,308	152,017	150,700	151,308	151,308
Prime + 0.0625% due 26/07/2033	100,000	100,403	100,226	100,000	100,403	100,403
4.660% due 13/07/2028	150,000	150,000	153,307	-	-	-
5.060% due 13/07/2038	150,000	150,000	151,116	-	-	-
5.000% due 15/10/2038	150,000	150,000	150,017	-	-	-
5.000% due 15/01/2039	69,100	69,100	68,587	-	-	-
		1,905,318	1,924,477		1,386,616	1,386,616
		\$2,392,089	\$2,410,113		\$2,121,039	\$2,101,808

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (2018 - AVAILABLE-FOR-SALE INVESTMENTS) (continued)

The movement in the investments revaluation reserve for the year ended June 30, 2018 was as follows:

Balance at July 1, 2017	\$ -
Net change in fair value of available-for-sale investments	(16,850)
Balance at June 30, 2018	\$(16,850)

Effective July 1, 2018, the Endowment Fund's investments were reclassified from available-for-sale investments to financial assets at fair value through profit or loss on the adoption of IFRS 9. As a result of the reclassification, the balance of the investments revaluation reserve was included in the Endowment Fund's balance.

	Effect on Investments Revaluation Reserve	Effect on Endowment Fund's Balance
Opening balance - IAS 39	\$(16,850)	\$2,526,233
Reclassify investments from available-for-sale to financial assets at fair value through profit or loss	16,850	(16,850)
Opening balance - IFRS 9	\$ -	\$2,509,383

7. DEFERRED GRANT

In 2015, the Fund entered into a grant agreement with Waitt Foundation (the "Foundation") for operational support to the Fund by providing an initial grant of \$100,000 from January 1 to December 31, 2016. Under the agreement, the grant is available for approved expenditures, including operational and project implementation expenses. The Foundation renewed the grant to provide for additional funding of up to \$400,000 over a further period of four years until December 31, 2020. The Fund is responsible for certain deliverables as outlined in the agreement.

The movement in the deferred grant is as follows:

Balance as at June 30, 2017	\$ 165,680
Grant received	100,000
Grant used for approved expenditure	(129,412)
Balance as at June 30, 2018	136,268
Grant received	100,000
Grant used for approved expenditure	(105,882)
Balance as at June 30, 2019	\$ 130,386

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2019

8. FUND BALANCES

General Fund

The General Fund represents the unrestricted balance of the Fund.

Endowment Fund

The Endowment Fund represents the permanently restricted fund balance. In 2016, the Government of The Bahamas and the Global Environment Facility (GEF), a United Nations Environment Program (UNEP) funded the Endowment Fund in the amount of \$2,000,000 and \$500,000, respectively.

According to the Act, no part of the endowment's capital may be used to cover the administrative and operating costs of the General Fund, unless approved by a unanimous vote of all board members. The capital of the Endowment Fund shall be invested by an investment manager, hired by the Board of Directors, through a transparent and competitive public tender process, subject to the approval of at least three-fourths of the Directors.

9. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year were as follows:

	2019	2018
Office supplies	\$11,526	\$ 1,349
Rent	11,095	-
Investment management fees	5,600	2,333
Professional fees	5,000	54,879
Other	3,406	1,290
Travel and accommodation	3,007	13,972
Utilities	1,783	-
Insurance	1,442	-
Bank charges	1,423	2,833
Depreciation	1,399	426
Website hosting and update	396	3,000
Marketing and public relations	-	2,908
	\$46,077	\$82,990

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management estimates that the carrying values of the financial assets and liabilities disclosed in the statement of financial position approximate their fair values at the reporting date for one or more of the following reasons:

- (i) Short-term maturities;
- (ii) Interest rates approximate market rates; and
- (iii) Carrying values approximate fair values.

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10. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses the class of financial instruments measured at fair value by the level in the fair value hierarchy within which the fair value measurement is categorized at the reporting date:

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	\$162,887	\$2,247,226	\$ -	\$2,410,113

	2018			
	Level 1	Level 2	Level 3	Total
Available-for-sale investments	\$150,233	\$1,951,575	\$ -	\$2,101,808

11. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including, interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk.

(a) Market risk

Market risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

(i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value or future cash flows of financial assets and liabilities. The fixed deposit held by broker and the investments in debt securities are exposed to interest rate risk. The Fund's strategy takes into consideration the current market conditions, with short-term interest rates at their lowest historical levels, to maximize the return of the Fund while maintaining a high level of liquidity.

Management's best estimates of the effect on net income for the year due to reasonably possible increases in interest rates, with all other variables held constant, are indicated in the table below. The actual results may differ from the sensitivity analysis below and the difference could be material. Equivalent decreases in interest rates by the percentages shown below would result in equivalent but opposite effects to the amounts shown below.

	2019		2018	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Fixed deposit held by broker	1.0%	\$1,742	1.0%	\$3,752
Debt securities	0.5%	\$9,622	0.5%	\$6,933

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11. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bahamian dollar is the Fund's functional currency. At the reporting date, the Fund's financial instruments are primarily denominated in Bahamian dollars, except for a United States dollar denominated debt security. As the parity between the United States and the Bahamian dollar is unlikely to change in the short-term, the Fund's exposure to any movement in the exchange rate is not considered significant.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). It embodies not only the potential for loss but also the potential for gain. The Fund is exposed to other price risk through its investments in equity securities and mutual funds. Other price risk is mitigated by the Fund maintaining a diversified portfolio of financial instruments.

Management's best estimates of the effect on the Fund's net income due to reasonably possible increases in market prices by the percentages shown, with all other variables remaining constant, are indicated in the table below:

2019			
	1%	5%	10%
Investments in equity securities	\$1,628	\$ 8,144	\$16,288
Investments in mutual funds	\$3,227	\$16,137	\$32,275
2018			
	1%	5%	10%
Investments in equity securities	\$1,502	\$ 7,512	\$15,023
Investments in mutual funds	\$5,650	\$28,248	\$56,496

Equal decreases in market prices would have decreased net income by the same amounts.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets which potentially expose the Fund to credit risk consist principally of cash at bank, cash at broker, interest receivable and investments in debt securities.

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11. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Fund manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Fund seeks to mitigate its exposure to credit risk by placing its financial assets with reputable financial institutions. At June 30, 2019, the maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:

	2019	2018
Financial assets at FVTPL (2018 - available-for-sale investments)		
Investments in debt securities	\$1,924,477	\$1,386,616
Financial assets at amortized cost (2018 - loans and receivables)		
Cash at bank	161,200	193,352
Cash at broker - restricted	174,195	375,297
Interest receivable	27,390	24,477
	\$2,287,262	\$1,979,742

(c) Liquidity risk

The objective of liquidity risk management is to ensure the availability of sufficient funds to honor all of the Fund's financial commitments and funding requirements. The Fund maintains an appropriate level of liquid assets to meet cash requirements for normal operating purposes.

The following table details the Fund's remaining contractual maturities for its financial liabilities as at June 30, 2019 and indicates the undiscounted cash flows of such financial liabilities based on the earliest date on which the Fund can be required to pay. The table includes only principal cash flows.

	0 – 3 months	3 – 12 months	Total
2019			
Financial liabilities			
Accounts payable and accrued expenses	\$ 8,971	\$ -	\$ 8,971
2018			
Financial liabilities			
Accounts payable and accrued expenses	\$27,129	\$ -	\$27,129

12. CAPITAL MANAGEMENT

The Fund manages its capital to ensure that it will be able to continue as a going concern. Ultimate responsibility for the management of the Fund's balances rests with the Board of Directors. The capital structure of the Fund is represented by its fund balances. The Fund is not subject to externally imposed capital requirements except where restrictions on the utilization of the Endowment Fund are specified in the Act and by the Caribbean Biodiversity Fund, as disclosed in the Note 8.

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13. SUBSEQUENT EVENTS

- (a) In November 2019, the Fund was advised that the German Federal Ministry of Economic Cooperation and Development (BMZ) through the German Development Bank (KfW), had committed up to 1M Euros intended for post-Hurricane Dorian assessments and recovery. In addition, the Caribbean Biodiversity Fund's (CBF) board also pledged US\$150,000 for the same effort. The combined grant of US\$1,260,000 is specifically for the purpose of financing and providing sub-grants to support ecosystem impact assessments, ecosystem-based recovery efforts (including protected areas infrastructure), the provision of water purification systems and renewable energy initiatives in and around Grand Bahama and Abaco.
- (b) On December 19, 2019, the Bahamas Protected Areas Fund (Amendment) Act, 2019 was ratified by the Bahamas Parliament to strengthen the provisions of the Act. The major amendment, among other amendments, are as follows:
- The list of protected areas has been expanded to include "any other area established by the Government of The Bahamas dedicated to the protection and maintenance of biological diversity, or of ecological or natural resources, and managed through legal or other effective means".
 - A new condition for the Fund to accept conditional contributions. Specifically, that acceptance of such contributions do not "cause the Fund to violate any provisions of this Act or its Bye-laws".
 - Reduced members appointed by the Government to five (from six). This change is required to strengthen the independence of the Board
- (c) On March 11, 2020, the World Health Organization declared the COVID-19 disease caused by the novel coronavirus, which originated in China, a pandemic. Many governments around the world responded by introducing emergency orders whereby businesses, other than those deemed to be essential services, were shut down and the general population made to stay at home. The impact was to bring the economy in the respective country to a virtual standstill. After some three months, restrictions are being slowly eased but where social distancing and the wearing of masks are becoming the new normal against the backdrop of the threat of a second wave of the virus and fears of an economic downturn. These conditions create significant uncertainty as to the continuing impact on the industry within which the Fund operates and by extension their impact on the Fund. The financial impact and its duration cannot be reasonably estimated at this time.
- (d) In July 2020, a partnership agreement (PA) is expected to be signed with the CBF. As the Fund is part of the Caribbean Sustainable Finance Architecture, the PA will provide annual funds for sub-grants to PA Managers and other organizations and institutions who meet the requirements defined within BPAF's Act and Grants Framework. This includes protected area managers, like the Bahamas National Trust, the Forestry Unit of the Ministry of Environment, the Department of Fisheries, the University of The Bahamas, research institutions and other Bahamian environmental organizations whose activities include science, research, policy, education and management activities relevant to protected areas and climate resilience.

See Independent Auditors' Report on pages 1 to 3.



Acknowledgements

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We thank former board members who have given of their time and resources to support the institutionalization and governance of the Fund.

We also wish to thank the Ministry of Environment including the BEST Commission, The Caribbean Biodiversity Fund and The Nature Conservancy for demonstrating the true spirit of partnership.

We particularly wish to acknowledge the ongoing support of The WAITT Foundation whose support of the Fund has been essential to our operations.





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